

(Draft of Proposed Legislation Including Section Analysis)

To provide specific authorities to govern the employment and administration of non-U. S. citizen personnel in foreign areas; and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States in Congress assembled, that this Act may be cited as the "Foreign Employees' Personnel Act of 1956."

Sec. 1. Objectives. It is recognized that in order for agencies of the U. S. Government to conduct economically their programs in foreign areas, it is advantageous for them to employ non-U. S. citizen personnel locally to the maximum extent possible with due regard to national security considerations and effectiveness in operations. It is further recognized that one of the desirable results of the overseas programs of this Government is the development and maintenance of a spirit of friendliness, respect, and cooperation toward this country. It is therefore apparent that in their role as employers incident to such foreign area operations, agencies of the U. S. Government should qualify as good employers by local standards. To this end necessary authorities are provided herein for employment and administration of non-U. S. citizen personnel in foreign areas in a manner not inconsistent with local laws, customs, and practices, without regard to similar provisions of other U. S. laws and regulations relating to the employment and administration of personnel which have been enacted primarily with reference to employment of U. S. citizens. Authority is also provided to permit participation in local social security or other local government plans and programs established for the benefit of employees, provided that such participation may be accomplished on a voluntary basis without infringement upon the sovereignty of the United States and without subjecting U. S. Government agencies to the jurisdiction of any other government or any agency or instrumentality thereof (except as

may be agreed on a voluntary basis) with respect to the administration of any such plan or program. However, the permissive authority provided herein is not intended to be used in the employment of non-U. S. citizens if the aggregate cost would exceed the aggregate cost of employing U. S. citizens, except upon specific findings by an agency with regard to a particular position or group of positions that employment of non-U. S. citizens would be in the best interest of the United States.

Sec. 1 sets forth the objectives of this Act. As a consequence of the extensive economic aid and defense programs undertaken by the U. S. Government on a world-wide basis, the Government has become the employer of large numbers of non-U. S. citizens in foreign areas. Unfortunately, because of the urgency with which such activities have had to get under way and the primary concern with the end objectives, insufficient attention was given to the Government's prospective role as a large employer of local citizens throughout the world. As a result in some localities good that has been accomplished through program activities has been offset to some extent by criticisms of the U. S. Government as an employer. Such criticisms stem from the failure to participate in local employee benefit programs or to observe local pay practices in such matters as bonus payments and family allowances, or to adopt local customs concerning leave for employees, and the like. Further, there is the fact that even among agencies of the U. S. Government there are inconsistencies in treatment of local employees which creates an adverse reaction.

The underlying cause is that personnel legislation under which these agencies ordinarily must operate was concerned with U. S. citizen employees and, generally, with employment within

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the United States, its Territories and possessions. Such legislation is ill-suited to employment of non-citizens in their own countries. This proposed legislation is designed to promote efficiency and economy in overseas operations and to overcome existing obstacles to good public relations in foreign countries resulting from inappropriate personnel practices.

Being duly mindful that the United States cannot and will not permit any infringement upon its sovereignty, the proposed legislation stipulates that the authorities provided to participate in any local government plans or programs of employee benefits may be utilized only if such participation is accepted on a voluntary basis and without involuntarily subjecting any agency of the U. S. Government to the jurisdiction of the host government or any agency or instrumentality thereof. However, as a practical matter, it would be expected that U. S. agencies would agree to comply with local regulations in such matters as reporting, in accepting decisions of adjudicative bodies concerned with claims or awards under any employee benefit programs in which such agencies participate, and to the extent that might be deemed appropriate, by submitting certain records for inspection such as local employee payrolls, entirely on a voluntary basis.

The proposed legislation will enable U. S. agencies to qualify for consideration as "good" employers by local standards, provided that this purpose can be accomplished without sacrifice of any of the traditional diplomatic immunities or rights of a sovereign government. This is in accord with the practices of most other principal governments who employ local personnel in

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foreign countries.

It should be noted, however, that the permissive authorities provided are not intended to be used in the employment of non-U.S. citizens if the aggregate cost, taking all cost factors into consideration, would exceed the aggregate cost to employ U. S. citizens. Such a situation would be exceptional, and even in such circumstances it is provided that if the best interests of the United States would be served by employing local habitants in certain positions other than U. S. citizens it could be done, provided the agency made a specific determination to that effect.

Sec. 2. Definitions. As used in this Act -

- (a) Local employees means employees appointed in accordance with Sec. 4(a) and includes U. S. citizens appointed under authority of Sec. 4(b).
- (b) Local Government means the government of the foreign country or area having appropriate authority with respect to the matters covered by this Act.
- (c) Foreign areas means any area outside the continental United States, its Territories and possessions, the Trust Territories, and the Canal Zone.
- (d) Heads of agencies means the heads of departments and agencies which maintain offices and installations in foreign areas.
- (e) Local agency representative means the officer or officers at a foreign post or area as designated by the agencies.

Sec. 2 defines certain terms used in this title.

Sec. 3. Regulations. Regulations to implement this Act shall be prescribed by the President.

Sec. 3 provides that the President prescribe the regulations necessary to implement the Act. Such regulations would normally include interpretations of the law, delegations of authority, broad policy statements, and certain basic rules and procedures where uniformity of application is desirable in the administration of local personnel overseas. Authority for issuances of such regulations would probably be delegated by the President, but since there is such diversity in the types of activities carried on in foreign areas, with such widely different problems in terms of personnel administration it

would be expected that the President would instruct the issuing agency to consult with the principal agencies operating overseas in the development of such regulations. Further, since the proposed legislation provides broad authorities to conform, insofar as practicable and with due regard to the interests of the United States, to local law and custom, there are many areas of personnel administration for which regulations will necessarily have to be developed at the departmental or local level. It would be expected that the President's instructions to the issuing agency would prescribe that the regulations provide procedures for agency coordination both at the departmental and local levels to deal with problems of common interest. Within the framework of the basic regulatory issuances, agencies would continue to issue such additional regulations as are essential for effective administration, both at the departmental and local levels.

Sec. 4. Employment Provisions. (a) Non-U. S. Citizens. Agencies may engage the services of non-U. S. citizens in foreign areas by any or all of the following methods, as may be most advantageous to the interests of the U. S. Government:

- (1) By direct hire, which is by direct appointment of individuals as employees of the U. S. Government; or
- (2) By indirect hire, under agreements with local governments wherein individuals selected become employees of the local government or an agency thereof and their services are then made available to the using agency and subject to direct supervision of such agency, on a reimbursable or other pre-determined basis which may include a charge for administration. Such agreements shall be executed in

accordance with the provisions of Sec. 14 of this Act. To the maximum extent practicable the policies and principles prescribed in this Act shall be applied in effecting employment arrangements under this authority.

- (3) By contract or other basis as authorized in other statutes, except that in the exercise of such authorities the policies and principles prescribed in this Act shall be applied to the maximum extent practicable.

Sec. 4(a) lists various authorities for engaging the services of local personnel and is not intended to disturb special existing authorities such as Sec. 15 of P.L. 600 - 79th Congress. A new authority - the indirect-hire method - is provided although this method has heretofore been used in accordance with executive agreements or other contractual arrangements entered into with local governments.

- (1) Direct hire authority permits the agency to appoint individuals as employees of the U. S. Government, and subject to direct control and administration by the agency.
- (2) Indirect hire authority permits the agency to enter into an arrangement with the local Government whereby some agency of that government employs such individuals as are required by the U. S. agency and handles administrative details in connection with such employment. The individuals selected for employment would be subject to approval by the using agency. Services

of employees under such an arrangement are made

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available to the using agency and subject to its direct supervision with regard to work requirements. The arrangement would include mutually agreeable financial provisions. Insofar as practicable it would be expected that any such arrangement would conform to the policies and principles prescribed in this Act.

- (3) This sub-section is included to indicate that any existing special authorities under which services of local personnel are engaged are not intended to be terminated by enactment of the proposed legislation. However, it is specified that insofar as practicable the policies and principles prescribed in this Act should be applied in the exercise of such authorities.

(b) U. S. Citizens Employed Locally. When it is in the interest of the U. S. Government, U. S. citizens who are also citizens of a foreign country or who are natives or permanent residents of a foreign country may be locally employed in accordance with the provisions of Sec. 4(a) of this Act, and when so employed they shall be subject to the provisions of this Act for pay and other purposes.

(b) This subsection would provide a legal basis for agencies to employ locally some individuals who have U. S. citizenship, under the pay and other provisions applicable to local employees. Such individuals might be those who by reason of birth or marriage have dual citizenship, or who are expatriates by their own choice or by choice of their parents and have permanent residence abroad,



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and who, in terms of living standards and customs, are more appropriately associated with local citizens than with U. S. citizens. (It would not include individuals who went abroad as employees of the United States Government or of U. S. firms, and whose continued absence from the United States has been due to such employment.) It is recognized that employment of such individuals creates special problems, and it would be expected that general regulations would carefully define criteria for use of this authority, with possible provision for review procedures in such cases.

(c) Oath of Office. Local employees appointed under subsections 4(a) (1) or 4(b) shall be required to execute an oath of office (or an affirmation) which shall be a pledge to perform conscientiously the duties assigned to them, to protect the interests of the employing agency to the best of their ability, and which shall include an anti-strike affidavit similar to that required to be signed by U. S. citizen employees. Any or all of the requirements of this sub-section may be waived or modified for a particular country or area when it is clearly evident that such requirements would be inappropriate or contrary to the best interests of the United States.

(c) This subsection requires that direct-hire employees execute an oath of office to at least pledge conscientious performance of assigned duties and to protect the interests of the employing agency to the best of their ability. Agencies would not, of course, assign any duties which would be inconsistent with the obligations of the employee as a citizen or resident of another country. The oath would also include an anti-strike

affidavit similar to that made by U. S. citizens, unless contrary to the terms of a pertinent treaty or to U. S. interests for political or other reasons. In the case of countries where employees of the local government have a right to strike, it might be inappropriate to require an anti-strike affidavit.

Provision is made to waive the oath of office in those countries where execution of such an oath might at some future date serve as a basis for reprisals against the individual.

Sec. 5. Compensation Provisions. (a) Pay Schedules. Insofar as it is in the public interest local employees shall receive pay in accordance with pay schedules which shall be developed for each foreign post or area in accordance with locally prevailing pay rates and practices for similar jobs. In the case of persons recruited or transferred from outside the area of employment, pay schedules may be based upon pay rates and practices prevailing in the area of recruitment. To the extent that it may be deemed in the interests of the U. S. Government to do so, pay schedules may include provisions for the payment of family and other allowances, bonuses, holiday pay over-time pay, severance pay, and the like, in line with pay practices generally followed by other employers, including the local government, in the particular country and locality of employment or in the area of recruitment. To the maximum extent practicable pay schedules shall be developed cooperatively and administered uniformly by all U. S. agencies represented at the post or in the country.

Sec. 5 includes all compensation provisions applicable to local personnel employed in foreign areas, which are intended to make it possible for the agencies to conform to local pay practices to the maximum extent possible. Among other things

it permits agencies to compete with other employers on an equal basis for the best available employees.

(a) It is required that pay schedules for each foreign post or area, as appropriate, provide pay rates and other provisions comparable to those prevailing locally. For all pay purposes, locally prevailing rates and practices may be based either on the area of recruitment or the area of employment, as may be dictated by the requirements of the situation, but without providing undue advantages to U. S. agencies over other competing employers. Authority is provided to include in the pay schedules provisions for family allowances, bonuses, severance pay, holiday and overtime pay, and the like, when such provisions are customarily a part of the compensation structure in the country or locality. It would be expected that insofar as practicable all agencies operating at a post or within an area would collaborate in developing these pay schedules and would administer them uniformly.

(b) Changes in Employment Systems or Practices. In effecting changes in employment and pay practices as a result of the authority provided herein, the conversion from the old pay schedule to the new shall be accomplished without reduction in the gross pay of any employee by reason thereof, unless such reductions would have been made for other reasons.

(b) This subsection extends to local employees a principle generally applied in the case of U. S. citizen employees, that changes in employment systems or pay schedules for administrative convenience should be effected without monetary loss to the individual. In this case the protective feature would apply only with reference to the initial changes in employment and pay

practices resulting from the new authorities provided in this legislation and would have no effect in the case of later modifications in pay schedules or other pay provisions which are made to conform to similar changes by other employers.

(c) Hours of Work. (1) In those areas where by law or custom the normal work week is other than 40 hours a week, agencies may prescribe basic work weeks for their local employees in accordance with local practices when it is determined that the adoption of such work weeks will contribute to more effective operations. (2) Agencies are authorized to pay overtime and night rates, comparable to rates paid by other employers locally, for night work and for work performed in excess of the prescribed work week.

(c) This subsection permits agencies, in those areas where by law or custom the hours of work are other than 40 hours a week, to prescribe basic work weeks for local employees in accordance with such law or custom. However, since a variation in work hours as between local and U. S. citizen employees generally presents certain administrative problems, such variations would probably be utilized only when more effective operations could reasonably be expected to result. The second part of this subsection authorizes payment for night work and for overtime, at rates comparable to those paid by other employees under such conditions. Overtime, if payable, would apply to work performed in excess of the work week prescribed for local employees, regardless of the number of hours in such work week.

(d) Holiday Pay. Agencies may designate days to be observed as holidays by local employees and local employees required to work on any such days may be paid for such work at rates comparable to rates paid by other local employers for holiday work.

(d) This section provides that in case local employees are required to work on days designated as holidays, they may be paid for such work at holiday rates if special rates are usually paid by other local employers for holiday work. It is anticipated that regulations would provide controls concerning the designation of holidays and require agency coordination in making such designations.

(e) Displacement Pay. In the case of transfer of a local employee from one foreign post to another for the convenience of the U. S. Government, and particularly with reference to transfers from one foreign country to another, agencies may compensate the employee, either in the form of a lump sum payment or added increment to his basic pay, or both, as appropriate, for the additional expenses incurred in effecting such change (which expenses would not be fully covered by travel and transportation expenses), for the higher costs of living incurred by individuals who are not natives of a locality, and as a premium for agreeing to the transfer.

(e) This subsection would permit agencies which find it necessary or desirable to transfer local employees from one foreign post to another foreign post to adjust the compensation for such individuals in order to make such transfers acceptable to them. While costs of transporting the employee and his dependents and effects are provided for elsewhere, such a move frequently involves additional expenditures on the part of the employee which are not covered under the travel and transportation authority. Further, such a change in location may subject the employee to substantially higher living costs which he could not reasonably be expected to absorb in connection with a transfer

for the benefit and convenience of the government. The authority provided would permit either a lump sum payment or a continuing addition to base pay, or both, to cover exceptional expenses incident to such a move, higher costs at the new post, incentive to accept the transfer, and the like, as appropriate in the particular circumstances. This authority would not apply in the case of transfers which are primarily for the benefit of the employee, as for example, when an activity is curtailed or discontinued at one location with a consequent reduction in personnel and similar jobs are available at other locations for which individuals affected by a reduction can be employed provided they place themselves at the new locations at their own expense.

(f) Payments in Local Currency. Except under special circumstances, payments to local employees shall generally be made in the currency of the country where the services are principally performed.

(f) This subsection stipulates that payments to local employees generally should be made in the currency of the country where such services are principally performed, except as provided in (g) below. Exceptions might also be necessary where such individuals are employed for service at remote locations where all available facilities have been established by the U. S. agency and maintained on a dollar basis.

(g) Allotments of Pay. If practicable and desirable agencies are authorized to permit local employees who are employed in foreign countries other than their countries of residence to make allotments from pay to a member of a family or to a banking institution in the employee's country of residence, in the currency of such country.

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(g) Agencies often find it advantageous to employ individuals who are not citizens or residents of the country in which the post is located, frequently for the purpose of obtaining people with particular qualifications such as a language proficiency. Transfers of local employees may be arranged for similar reasons. However, because of foreign currency control regulations such individuals may be reluctant to accept such employment because of the difficulties in transferring funds back to their countries of residence. This subsection would permit the agencies to make allotments of pay for such individuals, similar to the authority available for U. S. citizen employees to make allotments back to the U. S. An employee would be permitted only one such allotment either to a member of his family or to a banking institution in his country of residence, payable in the currency of such country. This authority would probably be exercised only when the U. S. Government has a facility in the particular country through which such allotment payments could be effected.

(h) Income Tax Withholdings. In those foreign countries where the collection of income taxes is normally accomplished by payroll deductions, agencies may, if requested by the local government, make similar deductions from pay of local employees, and transmit collections to designated authorities as a voluntary gesture of courtesy and cooperation, provided that no inspection or audit of any agency's records by an agent or instrumentality of the local government is required in connection therewith, except as may be agreed on a voluntary basis.

(h) In a number of foreign countries agencies of the U. S. Government have been criticized for non-compliance with local law regarding deductions from pay of local employees for income tax purposes. This subsection would permit the agencies, if requested by the local government, to make such deductions and transmit them to designated authorities in accordance with prescribed procedures, as a voluntary gesture of courtesy and compliance. Agencies would not ordinarily undertake any responsibility beyond making and transmitting current withholding deductions. The authority does not permit the agencies to subject themselves to any inspections or audits as a matter of course due to such compliance, but would not prevent them from permitting such inspections or audits if they are considered to be appropriate.

(i) Lodging and Meals. Under special circumstances when local employees are required to perform their services for the U. S. Government at locations from which they do not have ready access to their places of residence, agencies may provide lodging and meals at reasonable prices, without regard to the actual costs.

(i) In some areas U. S. Government operations are carried on at remote locations, as in the case of certain military installations. In order to provide personnel for the work to be done, agencies find it necessary to transport workers to the site and to furnish lodging and meals. Generally the wages of workers utilized at such installations are very low. Under such circumstances the agency must be able to provide lodging and meals at prices commensurate with the ability to pay, regardless of the costs incurred in providing them, if they are to be able to employ the necessary workers.



Sec. 6. Training. When it is determined to be in the interests of the U. S. Government, agencies may provide training to local employees to produce the required skills to meet their needs in filling positions in foreign areas which can more appropriately or more economically be filled by non-U. S. citizen personnel.

Sec. 6 provides authority to the agencies to provide training to local employees. In many areas where the local labor supply does not provide sufficient numbers of individuals with the requisite training and skills to fill all competing employment needs it is possible to find individuals with the necessary interest and aptitudes who can be trained for effective service. Frequently this can be done more economically than by filling certain positions with U. S. citizen employees, and for this and other reasons it would be in the interests of the U. S. Government to undertake such training. It would be expected that to the extent that their needs coincide, agencies would undertake such training on a cooperative basis. It would also be expected that agencies would insofar as practicable endeavor to protect the Government's investment in such training by obtaining agreements to serve for specific periods after the conclusion of the training provided.

Sec. 7. Promotions. Policies governing promotion of local employees shall conform insofar as practicable and with due regard to the best interests of the United States, to local customs and practices.

Sec. 7 provides the necessary authority to permit promotions in line with local practices.

Sec. 8. Separations and Suspensions. (a) Policies governing separations and suspensions of local employees for unsatisfactory performance and for other cause, and reductions in force shall conform insofar as practicable and with due regard to the best interests of the United States, to local law and custom, provided that such policies shall provide adequate protection to employees against arbitrary and capricious action, and in conformity with the Veterans Preference Act where applicable.

(b) In the event that an employee who has been separated or suspended for cause is restored to duty, compensation for all or any part of the period of separation or suspension may be allowed as may be determined to be appropriate, with consideration being given to local custom or practice.

Sec. 8 authorizes separation or suspension of local employees for unsatisfactory performance or for other cause, and reductions in force, in accordance with local practices. It is stipulated that local employees should be protected against arbitrary and capricious action, and with due regard to the Veterans Preference Act where applicable. The second part of this subsection would permit payment for all or part of a period of separation or suspension in the event an employee is restored to duty, upon determination that such action was unjustified or unwarranted, with due consideration to be given to local custom or practice under similar circumstances.

Sec. 9. Leave. (a) Leave provisions for local employees at each foreign post or area shall conform insofar as practicable to the leave provisions generally observed under law or custom for similar classes of employees by other employers in the area including the local government;

or, if there is no uniformity in local leave practices or it is deemed preferable not to adopt the local leave provisions, the annual and sick leave provisions applicable to U. S. citizen employees or some appropriate modification thereof may be extended to local employees.

Sec. 9(a). This section provides that leave provisions for each post conform to those observed by other local employers for similar classes of employees. However, authority is also provided to extend the annual and sick leave provisions applicable to American employees or some appropriate modification thereof in areas where there is no uniformity in leave practices or if for some good and sufficient reason it is determined to be undesirable to adopt the local leave provisions.

(b) In those areas where it is the local practice to make advance payments for leave for vacation purposes, agencies are authorized to make similar advance payments to local employees without regard to the provisions of R.S. 3648, as amended (31 USC 529).

Sec. 9(b) authorizes agencies to follow the local practice where it is customary for employers to pay in advance for leave taken for vacation purposes.

Sec. 10. Local Employee Benefit Programs. Agencies may, when it is determined to be desirable and in the best interests of the U. S. Government to do so, participate voluntarily in any or all of the employee benefits plans or programs established by local law, such as social security, unemployment, health and medical care, workmen's compensation, to cover some or all of its local employees. Agencies are authorized to pay from available funds the contributions or payments normally required from employers, under the programs participated in and for the employees so

covered, to make payroll deductions, and to transmit such payments and collections to the proper authorities. Employees covered under such local plans or programs shall not be eligible for similar benefits provided to employees of the U. S. Government under U. S. laws. Arrangements for participation by U. S. agencies in local government benefit plans or programs for employees shall be made in accordance with the provisions of Sec. 14.

Sec. 10 provides authority for agencies to participate on a voluntary basis in any or all of the employee benefit plans established by local law, if it is determined that such participation would be in the best interests of the U. S. Government. Authority is also provided for agencies to make the usual employer contributions or payments incident to such participation. In many areas considerable criticism has been directed at the United States for its failure to cover its local employees under the various local government benefit programs. At the same time, there has been criticism of coverage of local employees under the Civil Service Retirement System. Frequently this inability to provide coverage under the local programs has presented a serious obstacle to recruitment of top-notch people. It is only appropriate that since U. S. foreign activities have as an important objective the creation or betterment of relations between such countries and the United States, such objective should not be jeopardized over employment practices affecting citizens of the country where such activities are carried on. Most other governments have found it advisable to conform to local practices and failure of this Government to do so places the United States in

an awkward position. Such participation, however, should be completely voluntary, in line with the objectives stated in Section 1. Provision is made that local employees who are covered by local benefit plans of any nature would be excluded from any similar coverage under U. S. statutes.

Sec. 11. Civil Service Retirement Act Coverage. (a) Except as provided herein local employees serving overseas shall not be eligible for coverage under the Civil Service Retirement System.

Sec. 11(a) excludes coverage of local employees serving overseas from coverage under the Civil Service Retirement Act except under certain specified circumstances. The question of eligibility of such employees to participate in the Civil Service Retirement System is one that has received considerable attention and criticism over the past few years. In reviewing the legislative history of H.R. 3487 (P.L. 411 - 77th Cong. 2nd Session) which extended coverage of this Act to employees of the Government other than those in the classified civil service nothing was found to indicate that the change effected was intended to extend the coverage to alien employees or that there was understanding that the revised language would have this result. It therefore appears that the coverage was made available by accident rather than design, and the annuity and survivor benefits are out of proportion to benefits under local plans.

(1) Local employees who as of the effective date of this Act are contributing to the Civil Service Retirement System shall continue under such System, (subject to the amendments) except that in those countries where the agency participates in the local social security plan, the employees

may request coverage under such plan and if he can qualify for such coverage he may request and obtain a refund of his contributions to the Civil Service Retirement Fund.

Subsection (1) permits local employees covered by the Civil Service Retirement Act and contributing to the Retirement Fund at the time of enactment of this legislation to remain under such Act subject to amendments thereto which are provided later in this section. However, authority is also provided to permit such employees to obtain a refund of their contributions if their agency participates in the local social security program and they can qualify for and prefer coverage thereunder. Presumably any back payments for coverage under the local social security plan would be a responsibility of the employee which he could meet, at least in part, from the refunded Civil Service Retirement contributions.

(2) In those countries where there are no local social security programs, or it is decided that U. S. agencies will not participate in the local social security plans or programs, or if a local employee is not eligible for coverage for some reason, such as citizenship, in the local retirement system in which an agency participates, local employees may be covered under the Civil Service Retirement Act as amended herein, after they have completed not less than three years of continuous service as employees of the U. S. Government in one or more agencies of the U. S. Government, and provided that deposits are made as provided in the Retirement Act for the entire period of service as an employee of the U. S. Government.

Subsection (2) provides that, in those countries where there is no local social security program, or for some reason it is determined that the U. S. Government should not participate, or if the employee is not eligible for coverage as might be the case where the individual is employed in a country other than his native country, local employees can be covered under the Civil Service Retirement Act as amended in this Act, after not less than three years of continuous service in the employ of the U. S. Government and provided that they make deposits to cover the total period of service. Such deposits would not necessarily be made in lump sum but could be made over a period of time as is presently provided in the Retirement Act.

(b) Subsection 4(a) of the Civil Service Retirement Act as amended is hereby further amended by changing the colon at the end of item (2) to a period and inserting the following before the proviso clause: "In the case of non-U. S. citizen employees of the U. S. Government serving overseas, annuity and survivorship benefits shall be computed in accordance with a formula established by the Civil Service Commission for the country in which such service was primarily performed. Pending the establishment of such formula, the annuity of such employees shall be in an amount equal to 2 per centum of the basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the years of service if such average basic salary does not exceed the equivalent of \$2,500. The annuity of such employees whose average basic salary exceeds the equivalent of \$2,500 shall be computed in accordance with the provisions of (1) and (2) of this

subsection." Also, the proviso clause as amended by striking out the words "Provided, That" and capitalizing the word "In."

Sec. 11(b) would amend the Civil Service Retirement Act insofar as the computation of annuities for local employees is concerned. It is provided that the Civil Service Commission will establish specific formulae for each country concerning annuity and survivorship benefits. This would permit establishment of benefit provisions in line with those enjoyed by retired employees of other local establishments. Pending establishment of such individual formulae, annuities for retiring local employees would be computed by using 2% of the average 5-year high salary up to \$2500 in place of 1% plus \$25 as is presently provided, and above \$2500 using the same formula applicable to American employees. For most employees the average salary would be well below \$2500 and the proposed change while providing more generous annuities comparatively speaking for local employees than for Americans, is nonetheless a very substantial reduction from the annuities now available. This amendment would not affect former employees who retired prior to passage of this Act but would apply only to employees retiring after enactment of this legislation.

Sec. 12. Travel, Transportation and Storage. (a) General Travel Authority. Agencies may pay travel expenses for local employees, when traveling on official business pursuant to orders, which insofar as practicable and desirable shall be paid in accordance with local practices. As appropriate, agencies may issue special travel regulations for local employees, and in the absence of such local regulations, the standardized



Government travel regulations shall be used, except that per diem payments may be adjusted in accordance with local practices.

Sec. 12 contains all provisions relating to travel and transportation involving local employees. Subsection (a) is the general authority to pay travel expenses in connection with travel on official business pursuant to orders. Here again is an area where it would be preferable and probably more economical to follow local practices as to the type of accommodations to be provided, per diem to be paid and expenses reimbursable. The agencies will need to develop local regulations in connection therewith, and lacking such regulations will be subject to the Standardized Government Travel Regulations. However, even under the latter regulations agencies would generally be expected to conform with local practices insofar as types of accommodations and per diem rates are concerned.

(b) Transportation of New Appointees. When posts of duty are located in areas at which qualified local personnel cannot be obtained and such personnel are recruited elsewhere, either in the same or another country, agencies may pay the travel expenses of new appointees and the cost of transporting their dependents and their furniture and household and personal effects from the place of recruitment or residence to the post of duty, and upon termination of their services, provided that an agreed period of service has been completed or termination is for the convenience of or for reasons acceptable to the Government, for return to the place of recruitment or to the place of residence as determined at the time of employment.

Subsection (b) provides authority to agencies to pay for transportation of new appointees and their dependents and effects from the place of recruitment or residence to the place of service, when it is necessary to recruit personnel at points away from the post of service, whether in the same or another country. This might occur when individuals are sought for service at remote installations (such as in Labrador or Newfoundland) or when individuals with particular types of skills are not available locally. It also permits payment of return transportation costs upon termination of services, but it is assumed that agencies would prescribe a required period of service for the employee to qualify for such return transportation.

(c) Transportation in Connection with Transfers. In the case of transfer of local employees from one post to another, when done for the convenience of the Government and not the employee, agencies may pay travel expenses for employees and the cost of transporting dependents and furniture and household and personal effects, from post to post, and upon termination of services, provided that an agreed period of service has been completed or termination is for the convenience of or for reasons acceptable to the Government, for return to a previous post of employment.

Subsection (c) authorizes payment of travel and transportation costs for local employees and their dependents and effects when transferred from one location to another for the convenience of the Government. Payment of costs for return to a previous place of service is also authorized but conditioned upon the employee

qualifying for such return transportation by completing a specified period of service, unless termination is for the convenience of the Government.

(d) Transportation for Leave. In the case of local employees transported for the convenience of the Government and at Government expense to posts of employment outside the area from which recruited or transferred, agencies may pay round trip transportation expenses for the employee and his dependents from the post of employment to the area of recruitment or place of previous employment, at the conclusion of a prescribed tour of duty for the purpose of taking leave, provided that the employee agrees to another tour of duty at the same or another post, and the time involved in performing such travel by approved means shall not be charged against the employee's regular leave.

Subsection (d) authorizes agencies to pay round trip transportation (but not per diem or transportation of household effects) for the employee and his dependents for the purpose of taking leave, which would be used only in the case of employees transported at Government expense from the place of recruitment or another post of service. This authority is intended to apply only to local employees hired for service in areas away from the area of recruitment or to employees moved from one post to another for the convenience of the Government. Such round trip transportation would be provided after completion of each prescribed period of service. It would be expected that periods of service would vary from one to three years, similar to the periods of service applicable for U. S. citizen employees, and

would depend upon the purpose of the transfer, type and location of the post, and other factors. It is also provided that the time required to perform the travel by approved means between the place of service and the place of recruitment or former post will not be charged against the employee's regular leave.

(e) Transportation in Case of Death. In the case of local employees transported for the convenience of the Government and at Government expense to posts of employment away from the area of recruitment or post of previous employment, agencies may pay for the cost of preparing and transporting to the place of recruitment or of previous employment the remains of such employees or of their dependents who may die during the period of service; and in case of death of the employee, transportation costs for dependents and effects as authorized in subsection (c) above.

Subsection (e) is in line with authority generally available to agencies operating overseas, except that such authority is extended to include dependents as well as employees.

(f) Storage. In the event a local employee is transported to a post of employment to which he cannot take or at which he is unable to use his furniture and household and personal effects, or if it is administratively determined that transportation of effects would be uneconomical or contrary to the public interests, agencies may pay the cost of storing such effects, including the expenses for packing and unpacking, cartage and drayage.

Subsection (f) authorizes agencies to pay for storage and related expenses for storing an employee's effects in case he is transported to a post to which he is not permitted to take or at which he will not be able to use his effects.

(g) Weight Limitations for Transportation and Storage of Effects.

Weight limitations applicable in the case of transportation and storage of effects shall not exceed the weight limitations authorized for U. S. citizen employees in connection with transfers within the United States, except that in the case of local employees transferred to posts of employment which involve overseas transportation the weight limitations authorized for U. S. citizen employees of the agency concerned in connection with overseas assignments, at comparable class levels, may be applied.

Subsection (g) prescribes maximums to be applied in connection with the transportation and storage of the effects of a local employee. Generally, it is presumed that if local practice provides any appropriate guides in this respect they would be utilized and this provision merely establishes top weight limitations.

(h) Transportation Costs. For purposes of this section "costs of transportation" in connection with the transportation of household and personal effects shall be construed to include expenses incurred in packing and unpacking, crating, drayage and cartage, and temporary storage not to exceed a total of 90 days.

Subsection (h) is included to define more precisely what incidental costs are payable in connection with the transportation of household and personal effects.

Sec. 13. Health and Medical Provisions. (a) Physical Examinations.

To the extent that it is deemed in the interests of the Government to do so, agencies may provide and pay for physical examinations of local applicants and employees, and, may provide inoculations and vaccinations.

Sec. 13 (a) authorizes agencies to provide and pay for physical examinations of applicants and employees, and for administering inoculations and vaccinations, if and when considered advisable.

(b) Medical Care. In the case of local employees transferred at Government expense to their posts in remote areas or to other foreign countries, medical care including transportation to and from medical facilities may be provided for such employees and their dependents on a basis comparable to that under which such care is provided for U. S. citizen employees and their dependents at the same post. If the local employee is eligible for and is able to receive such benefits under a health or medical program of his own or the local government, he shall obtain necessary care under such program.

Sec. 13(b) provides authority for agencies to provide medical care to local employees and their dependents when transferred at Government expense to posts in remote locations or to other foreign countries. It is intended that a medical care program similar to that provided for American employees under like circumstances would be provided, and that while it would not necessarily involve the use of the same facilities or the same reimbursement arrangements, it would in all important respects be equivalent to the coverage provided for American employees.

(c) Medical Facilities. In addition to authority provided in other statutes U. S. Government medical facilities or services may be utilized to provide emergency treatment to local employees for injuries or illness when lack of such treatment might endanger the life or health of the employee.

Sec. 13(c) authorizes that medical facilities and services may be used to provide emergency treatment to local employees. This is in addition to existing authority to provide treatment in connection with on-the-job injuries or illness, and preventive programs.

Sec. 14. Negotiations With Local Governments. Any negotiations with local governments concerning basic agreements to implement the provisions of this Act, shall be initiated through regular diplomatic channels, provided that the advice and assistance of interested agency representatives shall be utilized in the conduct of such negotiations in order that the operating needs of such agencies may be properly considered. Any disagreements in the course of negotiations on basic agreements which cannot be resolved to the mutual satisfaction of representatives of the agencies involved shall be referred to the heads of such agencies for consideration and decision.

Sec. 14 is included to insure that any necessary negotiations with local governments relating to basic agreements to implement the provisions of this Act may be initiated only through regular diplomatic channels. However, recognizing that diplomatic representatives generally cannot be expected to be familiar with the numerous problems inherent in personnel administration or labor relations nor the special problems related to the various agencies' activities, actual negotiations could either be conducted by the diplomatic representative with the advice and assistance of agency representatives, or, under delegation, by other agency representatives. In either case

the diplomatic representatives would provide guidance and direction on foreign policy considerations. It would be assumed that subsequent relations with local government representatives concerning operations under the basic agreements entered into would generally be conducted by representatives of the agencies concerned and would be conducted in accordance with such liaison arrangements as have been made. In negotiating basic agreements provision is made that should disagreements arise among the agency representatives participating they be referred to agency heads for resolution, so that neither operating needs nor foreign policy considerations are overlooked.

Sec. 15. Bonding. Agencies are authorized to pay the expenses for bonding local employees in such amounts, for such purposes, with such sureties and under such conditions as may be deemed appropriate.

Sec. 15 authorizes agencies to pay the expenses of bonding local employees when bonding is deemed necessary. This is in line with the current trend throughout the Government service.

Sec. 16. Incentive Awards. For purposes of participation in the Government Employees Incentive Awards program (Title II, P.L. 763 - 83rd Congress) to the extent desirable, individuals serving the U. S. Government under the authority provided in Sec. 4(a)(2) of this Act may be considered as civilian employees of the Government.

Sec. 16 is intended to permit indirect-hire employees to participate in the Incentive Awards program, and such participation would be on the same basis as other non-U.S. citizen employees serving under direct appointments.



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Sec. 17. Existing Employment Arrangements With Local Governments.

Any existing agreements, contracts, or other arrangements between U. S. agencies and local governments concerning employment of local personnel shall not be affected by enactment of this Act, whether or not consistent with the provisions herein. The provisions of this Act shall be taken into consideration - applied insofar as practicable when such agreements or contracts are being revised or renewed.

Sec. 17 would re-affirm existing agreements or arrangements with local governments whether or not entirely in accord with the provisions of this Act. However, it is specified that when such arrangements are under consideration for revision or renewal, the provisions of this Act are to be applied to the extent practicable.

Sec. 18. Repeal Provisions. All Acts and parts of Acts inconsistent with the provisions hereof are hereby modified to conform herewith.

This section is intended to indicate clearly that in the event of inconsistencies between this Act and existing statutes, with reference to applicability to local employees in foreign areas, the provisions of this Act shall apply.

November 29, 1955